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# Between Interdependence and Strategic Interests

## EU-Russia Relations after the Georgian War

VASILE ROTARU<sup>1</sup>

### *Introduction*

December 2011 marked the 20th anniversary of “the greatest geopolitical catastrophe” of the last century, as Vladimir Putin, described the collapse of the Soviet Union; and the 20th anniversary of the Kremlin’s struggle for regaining its previous great power status. Since 1991 Moscow has not ceased to consider that the West took advantage of its weakness after the collapse of the Soviet Union in order to reconfigure the European continent according to Western interests<sup>2</sup>, and has been trying to regain its previously influential position. Within this context, it is unsurprising that the National Security Strategy (NSS) of the Russian Federation until 2020, ratified by Dmitri Medvedev in May 2009, clearly specifies that Russia aims to play an important role in the world together with the US, China and other great powers and to act as a hegemon in the post-Soviet space.

However, Moscow is afraid of remaining alone in the international arena and needs good relations with the EU for its economic development, the credibility of its foreign policy, and the security of the region. In political terms, Russia is dependent on the EU. To be acknowledged as an important power in the international community, the Kremlin needs to be recognized by the West<sup>3</sup>, and as Russia’s relations with the USA are not often the best, the European Union represents its guarantor on the international arena.

This necessity may explain why during the Georgian war Russia was incomparably more open for mediation by the European Union rather than any other international body or external player (in particular NATO, OSCE, the United States). Moscow reacted positively to the proposal of French President Nicolas Sarkozy, and ultimately agreed to a solution that ended the August 2008 war<sup>4</sup>. The decision to accept France as an interlocutor conformed to Russia’s overall approach toward the EU as a counterweight to the USA, as Moscow suffers from a security deficit in relations with NATO and the United States, considering the EU a potential pole in the

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<sup>1</sup> Vasile Rotaru is beneficiary of the “Doctoral Scholarships for a Sustainable Society” project, co-financed by the European Union through the European Social Fund, Sectoral Operational Programme Human Resources and Development 2007-2013.

<sup>2</sup> Marc-Antoine EYL-MAZZEGA, “Les relations entre l’Union Européenne et la Russie: l’amorce d’un partenariat de raison?”, January 2010, [http://www.ceri-sciences-po.org/themes/ue/articles/art\\_maem.pdf](http://www.ceri-sciences-po.org/themes/ue/articles/art_maem.pdf) (accessed May 2012).

<sup>3</sup> Tom CASIER, “The Rise of Energy to the Top of the EU-Russia Agenda: From interdependence to Dependence?”, *Geopolitics*, vol. 16, no. 3, 2011, pp. 536-552/p. 543.

<sup>4</sup> Irina KOBRINSKAYA, “Russia and the European Union. A Keystone Relationship”, *Documentos Cidob Europa* 6, Ed. Cidob, Barcelona, 2009, p. 21.

new multipolar order<sup>1</sup>. Furthermore, the Mistral deal demonstrates that Russia has opened a new phase in relations with Western Europe. The cost of the Mistral ships seems to be a low price that Russia is willing to pay for its political success, in the context of the atmosphere of mistrust in its relations with the West<sup>2</sup>.

The question that remains is: how far is Russia willing to go in terms of improving its relations with the EU?

### *Improving the Image Abroad*

After the Georgian war, Russia needed to improve both its image and relations with the European Union. The August 2008 events came as a shock for the West. The war questioned the reliability of the Kremlin on the international arena bringing back especially to the former communist countries memory the "Brezhnev Doctrine". It was for the first time after the collapse of the Soviet Union when Russia invaded an independent state and the first war between two members of the Council of Europe. Within this context, Moscow needed to clean up its image abroad and reassure the EU member states about its good intentions. And Russia started with Central and Eastern European EU members. This was very deliberate, bearing in mind that in 2008 it was Poland and Lithuania that blocked the negotiations of the new EU-Russia Partnership and Cooperation Agreement.

Vladimir Putin seems to have realized that without normal Polish-Russian relations there cannot be normal relations with the EU as a whole<sup>3</sup>. Therefore, the Russian Prime Minister came to Poland in 2009 to attend the solemn ceremony commemorating the 70<sup>th</sup> anniversary of the start of World War II. After that, Putin invited Polish Prime Minister Donald Tusk to come to Katyn in April 2010 for a joint ceremony to honor the death of Polish officers 70 years previously. Putin even kneeled, briefly, while laying a wreath to the memorial, a gesture that was much appreciated<sup>4</sup>.

Polish-Russian relations were put to the severest test three days later, when the Polish presidential plane crashed at Smolensk. For the first time in living memory, Russia declared a national day of mourning to honor the foreign dead<sup>5</sup>. President Medvedev went to the funeral and clearly named Stalin as responsible for the murders at Katyn. Moscow did not react to the accusations made by some Poles that it might have been involved in the Smolensk air crash. And, eventually, Russia was pleased with the last Polish elections results.

<sup>1</sup> Jakub KULHANEK, "The Fundamentals of Russia's EU Policy", *Problems of Post-communism*, vol. 57, no. 5, September/October 2010, p. 55.

<sup>2</sup> Piotr ZOCHOWSKI, "Russia's Interest in the Mistral: The Political and Military Aspects", *OSW Commentary*, issue 41, October 2010, Centre for Eastern Studies, Warsaw, p. 4.

<sup>3</sup> Дмитрий ТРЕНИН, "Как менялась внешняя политика современной России, 1992-2010", <http://russia-2020.org/2010/10/06/russian-foreign-policy-perspective-2020/> (accessed January 2012).

<sup>4</sup> Dmitri TRENIN, "Russia and Poland: A Friendship that Must not Fail", December 2010, <http://www.cdi.org/russia/johnson/russia-poland-friendship-dec-446.cfm> (accessed January 2012).

<sup>5</sup> *Ibidem*.

As well as its moves to improve its image, Moscow has also made progress in other domains. Thus, considering that the most important issue of disagreement between Russia and the EU and an essential element of the PCA agreement<sup>1</sup> represents the respect for human rights, Russia has ratified Protocol 14 of the Convention of the European Court of Human Rights. Of the 47 member states of the Council of Europe, Russia has been the last to ratify, after four years of hesitation. The delay was widely interpreted as a blocking tactic, undermining the Court from functioning effectively, which would mean undermining the cause of human rights in Europe<sup>2</sup>.

The gesture has not led to major changes for Russian citizens though. As the recent parliamentary elections and Putin's candidacy for third presidential term showed, the Kremlin is not willing to really democratize the country. Russia usually makes some concessions for pleasing Western partners, however, when is criticized for the lack of democracy, the Kremlin keeps underlining that Russia builds on its own traditions and will develop them in its own way at its own pace<sup>3</sup>. The concept of "sovereign democracy", introduced by the Kremlin's ideolog Vladislav Surkov, in 2005 is the strongest argument of Russian leaders when accused of disrespect for human rights and rule of law. It is the cornerstone of Russian geopolitical status and domestic stability because it allows Russia to counter Western criticism and determine its own political future without outside interference<sup>4</sup>. This concept allowed president Medvedev during the last EU-Russia summit to answer to press questions about the critics on Duma elections, that "[The European Parliament] means nothing to me... The European Parliament should deal with internal issues because the EU has a lot of problems of its own"<sup>5</sup>.

Even if the EU-Russia relationship is built on the assumption of the existing foundation of similar values and goals between the parties<sup>6</sup>, Russia is insisting on its sovereign right to pick and choose the right combination of reforms as well as deciding on how best to implement the reforms to suit its own needs. The Foreign Policy Concept is full of references to the importance of preserving, enhancing and buttressing Russian sovereignty<sup>7</sup>. Therefore, with a democratic constitution but with a "personal" interpretation of the rule of law, there is no wonder that in the Economist's Democracy Index 2011, Russia was downgraded from the hybrid regime in 2010, on 107 place to authoritarian state on 117 place in 2011<sup>8</sup>.

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<sup>1</sup> Hiski HAUKKALA, *The EU-Russia Strategic Partnership. The Limits of Post-sovereignty in International Relations*, <http://www.cdi.org/russia/johnson/russia-poland-friendship-dec-446.cfm> Routledge, 2010, p. 84.

<sup>2</sup> Michael EMERSON, "Russia in Europe and the West", April 2010, Centre for European Policy Studies, <http://www.ceps.eu/book/russia-europe-and-west> (accessed December 2011).

<sup>3</sup> Roger E. KANET, *Russia. Re-emerging Great Power*, Palgrave Macmillan, 2007, pp. 15-16.

<sup>4</sup> Donacha O BEACHAIN, Abel POLESE, *The Colour Revolutions in the Former Soviet Republics. Successes and Failures*, Routledge, 2010 p. 142.

<sup>5</sup> Andrew RETTMAN, "Russian President: EU's Parliament Means Nothing", *The EuObserver*, December 15, 2011, <http://euobserver.com/24/114655> (accessed December 2011).

<sup>6</sup> Hiski HAUKKALA, *The EU-Russia...* cit., p. 2.

<sup>7</sup> *Ibidem*, p. 105.

<sup>8</sup> Economist Intelligence Unit, "Democracy Index 2011", *The Economist*, 2011, [http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy\\_Index\\_Final\\_Dec\\_2011.pdf&mode=wp](http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy_Index_Final_Dec_2011.pdf&mode=wp) (accessed January 2012).

## *Asymmetric Interdependence?*

Apart from the issue of human rights and rule of law, energy relations with Russia give EU's leaders the biggest headaches. This state of fact is rooted in the importance of the "mighty energy sector" for Russian internal and external policy. For Moscow the revenues from oil and gas industry ensures the stability of political regime and represents the main instrument of its geopolitical influence. The "energodiplomacy" emerged since the first Putin's presidential term and dominates the EU-Russia relations.

As a basic feature, the EU-Russian energy relations are characterized by a strong mutual dependence. Russia is the EU's biggest energy supplier and the EU is Russia's biggest trading partner. However, even the Kremlin has been trying to increase Europe's dependence on its energy, Russia needs the EU more than Brussels needs Moscow. While some member states are unduly dependent on Russian energy, and a few alarmingly so (ex. Finland, the Baltic states, Bulgaria), the EU as a whole does not suffer from excessive dependency upon Russia. The Russian fuels exported to the EU represent over three quarters of all its exports, for the EU, though, these constitute a bit less than one third of its total energy imports needs<sup>1</sup>. In these conditions, the EU would be able to withstand any interruption in imports of crude oil or natural gas from Russia because the EU's energy consumption can be replaced by other energy sources (nuclear, renewable, liquefied gas) and suppliers (increased imports of Norwegian, Middle East, Nigerian gas or increased imports of Saudi oil). Russia's position would be more vulnerable if the EU reduced its purchases of Russian oil and gas. In this scenario, Russia would be threatened with financial collapse due to its inability to replace lost revenue<sup>2</sup>. This mutual dependence between Russia and Europe has meant that Russia's energy weapon has, in actuality, turned out to be less potent than some in the Kremlin may have hoped and that many Europeans feared<sup>3</sup>.

There is no doubt that the January 2009 Ukrainian gas crisis, Russia's withdrawal from the Energy Treaty, the Arab revolts in North Africa, and the Japanese earthquake, tsunami and nuclear accident, which called into question the reliability of nuclear energy, put pressure on the security of European energy, however, the EU is trying to overcome these challenges. Thus, in order to reduce its import vulnerability, in November 2010, the European Commission adopted the ten-year Energy plan entitled, *Energy 2020: A strategy for competitive, sustainable and secure energy*. The Commission's objectives for 2020 are to increase the share of renewable energy to 20% and to make a 20% improvement in energy efficiency. As the large EU members of Western Europe are less dependent on Russian imports, while the countries of Eastern and Central Europe have fewer alternatives and are from 70 to 99% dependent on gas and oil imports from Russia, the strategy involves the obligation of solidarity among member states, internal infrastructure and interconnections across external borders and

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<sup>1</sup> Polish-Russian Group of Difficult Matters, "Rethinking EU-Russia Relationship", *Interim Report*, The Center for Polish-Russian Dialogue and Understanding, Brussels, November 2011, p. 5.

<sup>2</sup> Lukas TICHY, "Energy Security in the EU-Russia Relations", Institute of International Relations, Prague, 2010, p. 6.

<sup>3</sup> Jeffrey MANKOFF, *Russian Foreign Policy. The Return of Great Power Politics*, Rowman & Littlefield Publishers, INC, New York 2009, p. 178.

maritime areas. This way, the gas could circulate in case of crisis, in order to be able to be transferred from one country to another. The EU will put an important accent on the modernization of the existing infrastructure, with specific emphasis on the Southern corridor, in particular Nabucco and ITGI. Europe has also found different sources of energy in Qatar and even in the USA, countries which could export liquefied gas. In January 2011, the EU and Azerbaijan signed an agreement on natural gas supplies, which commits Azerbaijan to selling "substantial volumes of gas over the long term" to the EU<sup>1</sup>. The agreement represents the first firm commitment from a Caspian Basin country to provide gas for the EU's Southern Corridor.

Moscow perceives this EU policy as a threat to its energy security<sup>2</sup> and has reacted defensively. The termination of Russia's provisional application of the Energy Charter Treaty came two weeks after the signing of the Nabucco Intergovernmental Agreement. (Moscow is afraid of losing its gas transportation monopoly and the ratification would have undercut Gazprom's position on the European market by forcing Russia to open up its network to cheaper gas from Central Asia.) A week after the signing of the EU-Azerbaijan agreement on the Southern Corridor, Gazprom announced that it would increase the amount of gas it purchases from Azerbaijan, in order to make the European project nonviable because of lack of sufficient hydrocarbons reserves. Russia has been also trying to diversify its energy exports and reduce its dependence on the European Union by opening an Asian route to Chinese, Korean and Japanese markets. Gazprom is trying to sell gas to China, but the negotiations on exports have been taking place for several years without success so far. Thus, Russia remains dependent on the EU. On one hand, the gas is usually transported through pipelines and Russian transport infrastructure is oriented towards Europe, exporting to new markets requiring expensive new pipelines and advance planning, and on the other hand, the EU is the most lucrative market for Russia (Gazprom gets nearly 70% of its profits from sales to the EU)<sup>3</sup>. Moreover, Russia encounters further problems with regard to the Chinese market. The communist neighbours are not willing to pay as much as are paying the Europeans for Russian gas and oil, and the demographic discrepancies between rarified Siberia and crowded China are not at all comfortable for Russian leaders. "Vladivostok is already a Chinese city, both economically and culturally. The Chinese make up more than half the population of Khabarovsk"<sup>4</sup>. Russia now seems understandably to be more preoccupied with the exposure of the thinly populated Far East to the rising power of China. Beijing's growing involvement in Central Asia (including the launch of a gas pipeline from Turkmenistan to China via Uzbekistan and Kazakhstan) and Turkmenistan's thriving cooperation with Iran, have seriously limited Gazprom's ability to have Central Asian gas at its disposal<sup>5</sup>. Furthermore, Moscow fears being marginalized in a world where power and wealth

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<sup>1</sup> Bruce PANNIER, "Azerbaijan Supply Agreement Pumps New Life into EU's Energy Plans", *Radio Free Europe*, January 13, 2011, <http://www.rferl.org> (accessed March 2012).

<sup>2</sup> Lukas TICHY, "Energy Security in...cit.", p. 21.

<sup>3</sup> Kim TALUS, Piero Luigi FRATINI, *EU-Russia Energy Relations*, Euroconfidenciel, Brussels, 2010, p. 33.

<sup>4</sup> Katinka BARYSCH, Christopher COCKER, Leszek JESIEN, *EU-Russia Relations. Time for A Realistic Turnaround*, Centre for European Studies, Brussels, 2011, p. 25.

<sup>5</sup> Ewa PASZYC, "Nord and South Stream Won't Save Gazprom", *OSW Commentary*, issue 35, January 28, 2010, Centre for Eastern Studies, p. 3, [www.osw.waw.pl](http://www.osw.waw.pl) (accessed January 2012).

oscillate between Asia and the Pacific and needs powerful allies as a counter-balance to Chinese power. Thus, at least in the medium term, Russia is "condemned" to be EU's partner in the energy field.

The asymmetric interdependency is more obvious in trade area. The EU is the most important Russian commercial partner, while Russia is ranked third among the EU's trading partners, after the USA and China. More than half of Russia's trade is conducted with EU states, and 75% of foreign direct investments in Russia come from the EU<sup>1</sup>. On the other side, the EU's exports to Russia represent up to 6% of its total value exports, while its imports from Russia are around 10%<sup>2</sup>. It is obvious that Russia is dependent on the EU and not vice versa<sup>3</sup>. And this dependency on trade, especially energy trade with the EU will increase, given the new and future projects (Nord Stream – to Germany and South Stream to the Balkans). Russia has sought to enhance its leverage over Europe through the construction of new pipelines and to direct the asymmetric interdependence to its advantage, that is to make Europe more dependent on Russia than Russia is on the EU, however, these pipelines not only increase the sheer quantity of oil and gas Russia can export to Europe, but also increase Russia's dependency on European market.

The Russian economy is considerably dependent on the EU economy for its export, of which 60% goes to the EU. In the hypothetical case where trade between the EU and Russia would come to a complete standstill, Russian economy would simply collapse<sup>4</sup>. On the other side, the European Union is the largest single market in the world, which gives the EU and especially to the European Commission some leverage on Russia<sup>5</sup>. Brussels should not be intimidated by Russia's "energodiplomacy" when negotiating, in fact the Kremlin recognized its need to be part of the market economies club by becoming member of the World Trade Organization, and now has to comply with the international rules.

### *Modernization without Democratization ?*

Russia considers itself a great power. The soaring oil and gas prices have provided enough money for strengthening states institutions and ensured a degree of prosperity for Russian citizens. However, the energy resources have proved to be both blessing and curse for the country. Bewitched by the huge revenues from the sale of hydrocarbons, Russian authorities refused to see the real needs of the country. The effects: the aftermath of the Georgian war provided just how fragile Russian prosperity was; the stock market lost close to half its total value in barely a month, and trading had to be halted repeatedly in the autumn of the 2008 to avoid greater damage. With the beginning of global recession oil prices dropped from over \$140 a barrel, to below \$50<sup>6</sup>, Russia realizing that its economy, based on the export of

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<sup>1</sup> Jaroslaw CWIEK-KAPROVICZ, "Russia's Vision of Relations with the European Union", *Bulletin*, no. 82, May 2010, The Polish Institute of International Affairs.

<sup>2</sup> Polish-Russian Group of Difficult Matters, "Rethinking EU-Russia...cit.", p. 5.

<sup>3</sup> Katinka BARYSCH, Christopher COCKER, Leszek JESIEN, *EU-Russia Relations...cit.*, p. 30.

<sup>4</sup> Tom CASIER, "The Rise of Energy to...cit.", p. 542.

<sup>5</sup> Hiski HAUKKALA, *The EU-Russia... cit.*, p. 46.

<sup>6</sup> Jeffrey MANKOFF, *Russian Foreign Policy...cit.*, p. 304.

raw materials (oil, gas, steel) cannot be sustainable. Putin remembers that the Soviet Union collapsed with the fall of the oil price on world market, in the middle '80s and that post-Soviet Russia was on the verge of collapse in the beginning of '90's, when the fuel price fell again down to 10\$!<sup>1</sup> An economy based on export of hydrocarbons cannot guarantee the security of the country, thus, the necessity of modernizing was required. And Putin acknowledged it even earlier when, in 2006, told the Security Council that "the level of military security depends directly on the pace of economic growth and technological development"<sup>2</sup>. The need of economic modernization became though one of the top priorities of Medvedev policy:

"Creating favorable external conditions for the modernization of Russia, transformation of its economy through innovation, enhancement of living standards, consolidation of society, strengthening of the foundations of the constitutional system, rule of law and democratic institutions, realization of human rights and freedoms and, as a consequence, ensuring national competitiveness in a globalizing world"<sup>3</sup>.

The modernization of the country was urgently needed. Russian economy is inefficient: it consumes as much as three times more energy per unit of production than the EU or Japan<sup>4</sup>. To develop its economy, Russia needs advanced machinery and technology even for the extraction of raw materials. Such machinery can be found in the West and predominantly in Europe. Within this context, the importance of Russia's relationship with the EU has grown.

The EU needs Russia to be prosperous, stable and at peace with itself and its neighbours, a chaotic, angry and unstable Russia being a risk to EU security and prosperity<sup>5</sup>. Thus, during the EU-Russia summit at Rostov-on-Don, May 31-June 1 2010, as a response to Moscow's needs, the EU launched the Partnership for Modernization. The agreement promotes a sustainable low-carbon economy and energy efficiency, and cooperation in innovation, research and development. The EU hopes that the Partnership will lead to political liberalization in Russia in addition to economic growth. As Katinka Barysh put it

"indirectly a modernization partnership could contribute to EU's ultimate aim: to make Russia more democratic, accountable and open. In the medium term, successful modernization could help to transform apathetic Russian middle class into an entrepreneurial class that demands property rights and civil liberties"<sup>6</sup>.

For the EU only a democratic Russia, which conforms to the rule of law, can be a reliable partner. That is why the EU's interests toward Russia lie in the spheres of

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<sup>1</sup> Michael STÜRMER, *Putin și noua Rusie*, Romanian transl. by Alexandru Suter, Editura Litera, București, 2011, p. 72.

<sup>2</sup> Jeffrey MANKOFF, *Russian Foreign Policy...cit.*, p. 33.

<sup>3</sup> *Ibidem*, p. 13.

<sup>4</sup> Polish-Russian Group of Difficult Matters, "Rethinking EU-Russia...cit.", p. 5.

<sup>5</sup> *Ibidem*, p. 58.

<sup>6</sup> Katinka BARYSCH, "The EU-Russia Partnership for Modernization", The EU-Russia center review, issue 15, October 2010, p. 28.



deep transformation, Westernization and cooperation<sup>1</sup>. However, Moscow seems to be more interested in a narrower modernization plan, focused mainly on technology transfer, support for innovative industries and other state-led interventions without social, political, and economic reforms. Moscow insists that primarily economic purposes should be incorporated into the EU-Russia modernization partnership, as Russian officials made it clear: The Partnership for Modernization "should direct attention to practical questions rather than to benefits of European values", declared Vladimir Chizov, Russia's EU representative being supported by Sergei Lavrov, the Russian foreign minister: "We intend to give precedence to the most concrete and significant questions, including the economy, social problems, education, science, technology, innovation"<sup>2</sup>.

However, can the modernization of the country take place without democratization? Can you have business development without a democratic legal framework? Contrary to all the rhetoric during Putin's and Medvedev's tenure of office, the problem of *corruption has significantly increased*, rather than lessened. This is no doubt, a barrier to modernization because corruption is anathema to fair competition and it removes potential investment funds from the economy<sup>3</sup>. Thus, according to Transparency International, Russia was in 2010 on the place 154 (out of a total of 178) on the organization's corruption index<sup>4</sup>.

The lack of democratic reforms, the disrespect for human rights and rule of law create another important obstruction in the way of modernization of the country: human capital flight. About a million and a half Russians are estimated to have emigrated in the last three years. Research and development efforts suffer from significant "brain drain". Russian talent prefers to go abroad rather than stay at home not primarily because of money but because of the freedom, opportunities and better life style they are able to enjoy in Europe and the United States<sup>5</sup>.

Moreover, Kremlin's obstinacy of not complying with democratic principles is, contrary to the four "common spaces". At the EU-Russian St. Petersburg Summit in May 2003, Brussels and Moscow agreed to reinforce their cooperation by creating four long term "common spaces" in the framework of the Partnership and Cooperation Agreement and on the basis of common values and shared interests: the common economic space, covering economic issues and the environment; the common space of freedom, security and justice; the common space of external security, including crisis management and non-proliferation; and the common space of research and education, which includes cultural aspects. Without respecting its commitments Moscow cannot be taken as a reliable partner for the EU.

Within this context, there is no wonder why the negotiations for the new PCA are difficult. Russia avoids entering into firm legal relations with the EU, instead

<sup>1</sup> Scott Nicholas ROMANIUK, "Rethinking EU-Russia Relations: 'modern' cooperation or 'post modern' strategic partnership", *CEJISS*, issue 2, 2009, p. 71, <http://www.cejiss.org/> (accessed December 2011).

<sup>2</sup> Hannes ADOMELT, "Russia's 'Partnerships for Modernization': Origins, Content and Prospects", *The EU-Russia Center Review*, issue 19, October 2011, p. 41.

<sup>3</sup> *Ibidem*, p. 48.

<sup>4</sup> Transparency International, "Corruption Perception Index 2010 Results", [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results) (accessed January 2012).

<sup>5</sup> Hannes ADOMELT, "Russia's 'Partnerships...cit.", p. 49.

preferring a wide-open legal frame generating loose obligations<sup>1</sup>. Medvedev argues for replacing the old PCA with an essentially technical agreement focusing primarily on economic cooperation, while Europeans favor a more detailed arrangements with special emphasis on energy and security issues. Many Eastern Europeans also want that the agreement to be focused on human rights and Russia's relations with neighbouring (non-EU) states such as Georgia, inserting a clause into the EU negotiators' instructions that resolving the "frozen conflicts" around Russia's borders should be a priority in EU-Russia relations<sup>2</sup>.

The terms of the Agreement mean that Russia stops shorts of becoming part of the community of European values, especially when political pluralism, rule of law, and freedom of speech are considered. Russia may induce the idea that Brussels is delaying the signing of a new Partnership Cooperation Agreement (PAC 2). However, the key is in Moscow's hands. The EU cannot and should not accept PAC 2 without taking into consideration that for Russia the four common spaces are pure talk. If Brussels does not put more pressure on Moscow to respect democratic values, and to make domestic changes Russia cannot become part of the community of European values. Its participation in the European integration process will only be superficial. As Andreas Umland has articulated, Russia's authoritarian regime will instead

"...continue to require confrontation with the West and in particular with the United States in order to legitimize its continuing existence and the lack of popular control of the government"<sup>3</sup>.

## Divide et impera

One of the main challenge of the European Union is its own disunity<sup>4</sup>. Special relations of some old EU members with Moscow, the fears of communist past of newer member states, the differences of perception of Russian foreign policy, all these create divergences inside Europe and enables the Kremlin to undermine the EU's unity. Russia prefers legally binding comprehensive bilateral relations with the EU member states rather than with the EU as a whole<sup>5</sup>. This tactic corresponds to two basic principles of its foreign policy. On the one hand bilateral state-to-state relations have the advantage, from the Russia's point of view, of avoiding the creation of intrusive behavioral norms while preserving state's sovereign equality<sup>6</sup> (states can at least be expected to act in their national interest and to be less moralistic about democracy,

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<sup>1</sup> Igor YURGENS, "The Objectives and the Price of modernization in Russia", *The EU-Russia Center Review*, issue 15, October 2010, p. 21.

<sup>2</sup> Jeffrey MANKOFF, *Russian Foreign Policy*...cit., p. 160.

<sup>3</sup> Andreas UMLAND, "EU and NATO Policies on Eastern Europe: Contradictory or Complementary?", [http://en.rian.ru/valdai\\_op/20110610/164548767.html](http://en.rian.ru/valdai_op/20110610/164548767.html) (accessed April 2012).

<sup>4</sup> Marc LEONARD, Nicu POPESCU, "A Power Audit of EU-Russia Relations", European Council of Foreign Relations, November 2007, p. 1.

<sup>5</sup> Igor YURGENS, "The Objectives and...cit.", p. 21.

<sup>6</sup> Jeffrey MANKOFF, *Russian Foreign Policy*...cit., p. 14.

human rights, and so on than the EU as a whole<sup>1</sup>), and on the other hand, as Moscow prefers to portray itself as one of the Great Powers in Europe, it prefers to conduct its business with its equals – mainly Britain, France and Germany – while sidelining the EU institutions and smaller member states in the process if it can<sup>2</sup>. This bilateralism is clearly stated in the Foreign Policy Concept of the Russian Federation:

“The development of mutually advantageous bilateral relationships with Germany, France, Italy, Spain, Finland, Greece, the Netherlands, Norway and some other West-European States is an important resource for promoting Russia’s national interests in the European and world affairs”<sup>3</sup>

and is part of traditional international relations based on material interests and bargaining.

“But Russia can hardly be blamed for such behavior when some in Europe appear to invite it, and fail to deliver a unified message”<sup>4</sup>. Leonard and Popescu have identified five distinct policy approaches to Russia within the EU member states: “*Trojan Horses*” (Cyprus and Greece), which are defenders of Russian interests in the EU, “*Strategic Partners*” (France, Germany, Italy and Spain), that have a ‘special relationship’ with Russia, “*Friendly Pragmatists*” (Austria, Belgium, Bulgaria, Finland, Hungary, Luxembourg, Malta, Portugal, Slovakia and Slovenia) with a close relationship with Russia and tending to put their business interests above political goals, “*Frosty Pragmatists*” (Czech Republic, Denmark, Estonia, Ireland, Latvia, the Netherlands, Romania, Sweden and the United Kingdom) who focus on business interests but are less afraid than others to speak out against Russian behavior on human rights or other issues to respect the rule of law, and “*New Cold Warriors*” (Lithuania and Poland) with an overtly hostile relationship with Moscow<sup>5</sup>. This disunity of EU members makes the EU-Russia negotiations very slow and complicated, which only serves to encourage the bilateral agreements.

The growth of bilateral arrangements, however, has on the whole increased Russian bargaining leverage, allowing Kremlin to play different European states against one another and limiting the range of issues where Russia finds itself confronting a solid European bloc<sup>6</sup>. This is the most obvious when we talk about energy field. Therefore, EU member states should be aware of the strength of the unity if they want to be more capable of ensuring their interests by negotiating with Russia. The bilateral temptation only discourage Russia to adopt a European policy while consolidating the old Russia’s instinct to move its agenda and increase its own security by dividing the Euro-Atlantic West<sup>7</sup>.

<sup>1</sup> *Ibidem*, p. 156.

<sup>2</sup> Hiski HAUKKALA, *The EU-Russia...cit.*, p. 108.

<sup>3</sup> The Foreign Policy Concept of the Russian Federation (Kontseptziya vneshney politiki Rossissyskoy Federatzii), <http://www.mid.ru/bdcomp/ns-osndoc.nsf/1e5f0de28fe77fdcc32575d900298676/869c9d2b87ad8014c32575d9002b1c38!OpenDocument>, (accessed January 2012).

<sup>4</sup> Speech by Peter MANDELSON, “Russia and the EU”, EU-Russia Centre, Brussels, 17 October 2007, SPEECH/07/629, in Marc LEONARD, Nicu POPESCU, “A Power Audit of...cit.”, p. 58.

<sup>5</sup> Marc LEONARD, Nicu POPESCU, “A Power Audit of...cit.”, p. 2.

<sup>6</sup> Jeffrey MANKOFF, *Russian Foreign Policy...cit.*, p. 151.

<sup>7</sup> Igor YURGENS, “The Objectives and...cit.”, p. 22.

On the other side, Russia claims that she does not want, that "somebody (the USA) again takes the decision for Europe"<sup>1</sup> and wants to create a counter-balance to "the NATO-centrism" in Europe, by establishing a pan-European security system. However, the Kremlin should keep in mind that 21 European states are members of both NATO and the EU. This indicates that there are significant overlaps and that the differences between the policies of these two organizations are of a tactical rather than a strategic nature. When politicians or diplomats from non-Western countries meet with official representatives from key member states of both organizations, these are often the same people<sup>2</sup>.

### *A Common Neighbourhood*

By "common neighbourhood" we refer to the six former Soviet republics residing between the EU and the Russian Federation: Belarus, Moldova, Ukraine, Georgia, Armenia and Azerbaijan. This designation appeared after the launch of the ENP and meets the Kremlin's view. Russia refused to become part of the ENP and demanded an equal partnership status to the EU, and by recognizing explicitly that the EU and Russia belong to each other's neighbourhood, Russia is recognized as a fully equal of the EU<sup>3</sup>.

The "common neighbourhood" has a great importance for the security of the EU and Russia, their prosperity and stability being essential in this regard. Both actors have a huge impact on the "countries in between", they both have interests in area and they both are sources of "carrots and sticks" affecting domestic politics and policies in these states<sup>4</sup>. Though, Russia and the EU have different approaches toward the "common neighbourhood". While the EU has a clear interest in stability in these countries, and involves them more closely in the European integration process and its trade regime, Russia has a clear interest in keeping the states in this area relatively weak and isolated, in order to maintain its dominance<sup>5</sup>. Russia is trying to maintain or re-create a traditional "sphere of influence", that gives Moscow a *droit de regard* over its former republics. A "liberal empire", with the strategic tasks of re-engaging Russia as the economic and cultural "natural and unique leader" of the CIS seems to be close to Russian approach towards former Soviet republics. This notion was introduced in 2003 by Anatoly Chubais, Russia's former privatization head and today the head of the Russian Nanotechnology Corporation, and was described not as an attempt to restore the former Soviet Union but as a new project guided by the liberal values of democracy, market economy and economic cooperation, where the means would be Russian culture, Russian business, and support of freedom, human rights and democracy<sup>6</sup>. Surprisingly or not, this description is very similar to that given by

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<sup>1</sup> Doris WYDRA, Helga PUZL, "Democracy, Security and Energy: the Russian-EU Relationship", SGIR 7<sup>th</sup> Pan-European International Relations Conference: September 9-11, 2010.

<sup>2</sup> Andreas UMLAND, "EU and NATO Policies...cit".

<sup>3</sup> Tom CASIER, "The Rise of Energy to...cit.", p. 87.

<sup>4</sup> *Ibidem*, p. 75.

<sup>5</sup> *Ibidem*, p. 88.

<sup>6</sup> Bertil NYGREN, *The Rebuilding of Greater Russia. Putin's Foreign Policy towards the CIS Countries*, Routledge, 2008, p. 225.

Putin to Eurasian Union project, in the article published on October 3, 2011, in the *Izvestia* newspaper:

"We are not talking about re-creating the Soviet Union [...] The Eurasian alliance will be based on universal principles of integration, as an integral part of greater Europe, united by common values of freedom, democracy and market laws"<sup>1</sup>.

The return of this expansionist rhetoric is not random at all. In fact the similarities between Chubais' concept and the Eurasian Union project support the assessment of the European Parliament rapporteur for the new EU-Russia Agreement, Hannes Swoboda, that Putin's project is a "reflection at least of defensive act of defending what they think is 'interference in their sphere of interests'"<sup>2</sup>. The hypothesis that Russia is afraid of loosing influence in the former Soviet territories and seems to perceive the Eastern Partnership as a challenge for its foreign policy goals fits perfectly in this context. Russia is still trapped in the old ways of thinking, perceiving the West as a threat<sup>3</sup>. The traditional approach of Russian security thinking reflects Russia's fears that the country is encircled by enemies and, thus, that it needs to seek allies and create buffer zones or a "liberal empire" against dangers<sup>4</sup>.

By "spreading good governance, supporting social and political reform, dealing with corruption and abuse of power, establishing the rule of law and protecting human rights"<sup>5</sup> in the Eastern partners, the EU provide an authentic democratization of the region, reinforcing the six states, treating them as independent entities not as pawns organically connected to Russia<sup>6</sup>. Furthermore, through the Eastern Partnership, the EU demonstrated that the Europeanization process would not be limited by 2007 enlargement limits and that the Eastern borders are becoming more porous. "[The EU made] it clear that we are not stopping at the border but we want to enlarge the influence in a democratic way. I mean a way of offering not of putting pressure"<sup>7</sup>. This situation is a real challenge for the Kremlin, as "the reorientation of the post-Soviet states toward Europe does not present a threat to the military or economic security of Russia, but it does present a serious modernization challenge to Moscow"<sup>8</sup>. As, for

<sup>1</sup> Владимир Путин, "Новый интеграционный проект для Евразии — будущее, которое рождается сегодня", *Известия*, October 3, 2011, <http://www.izvestia.ru/news/502761> (accessed October 2011).

<sup>2</sup> Hannes Swoboda (Committee on Foreign Affairs of the European Parliament, Rapporteur for the new EU-Russia Agreement). 2011. Interviewed by the author. Tape recording, December 8. The European Parliament, Brussels.

<sup>3</sup> Katinka BARYSCH, Christopher COCKER, Leszek JESIEN, *EU-Russia Relations...cit.*, p. 14.

<sup>4</sup> Marcel de HAAS, "Medvedev's Security Policy: A Provisional Assessment", *Russian Analytical Digest*, no. 62, June 2009, p. 4.

<sup>5</sup> A secure Europe in a better word - The European Security Strategy, <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>, (accessed January 2012).

<sup>6</sup> Radoslaw SIKORSKI, "The Eu's 'Eastern Partnership' is Key to Relations with Russia", *Europe's World*, summer 2009, pp. 38-41.

<sup>7</sup> Hannes Svoboda (Committee on Foreign Affairs of the European Parliament, Rapporteur for the new EU-Russia Agreement). 2011. Interviewed by the author. Tape recording, December 8. The European Parliament, Brussels.

<sup>8</sup> Irina KOBRINSKAYA, "The Post-Soviet Space: from the USSR to the Commonwealth of Independent States and Beyond", in Katlijn MALFLIET, Lien VERPOEST, Evgeny VINOKUROV, *The CIS, the EU and Russia. The Challenges of Integration*, Palgrave Macmillan, 2007, p. 20.

instance, if Ukraine adopts EU standards, Russian business in Ukraine will be forced to become "EU compatible", creating a growing Russian constituency in favour of Russia adopting EU rules and standards<sup>1</sup>. In this way, Kiev could have an increased role in deepening the linkage between Russia and the West. While a higher linkage to the EU will allow Brussels to increase its leverage towards Russia<sup>2</sup>.

Within this context, Russia is trying to "protect" itself by establishing its own version of a "Monroe doctrine" in the CIS region and "by establishing a tighter federation highly dependent on the Russian centre but without necessarily expanding Russian territory"<sup>3</sup>, the efforts of rebuilding Greater Russia can be seen though as expansionist, but not in the traditional geo-political sense of acquiring new territories, but rather of denying others influence<sup>4</sup>. It is not the first time when Russia had such reactions to EU's influence in an area where the Kremlin has some interests. The peak of Belarusian-Russian integration, the Union State agreement, was concluded in the same year of the NATO strikes on Serbia that were widely contested both in Russia and Belarus<sup>5</sup>.

Russia's policy based on "spheres of influence" is contesting the fourth EU-Russia Common Space, especially the Common Space of External Security<sup>6</sup>. Brussels rejects the idea of a Russian "privileged sphere of interests" in the region, as the EU needs Russia to accept that the countries of the shared neighbourhood have the right to choose their own way and foreign policy. The EU seeks a European "postmodern" security community across the wider Europe and the creation of a "ring of well governed countries" to the East<sup>7</sup>. And Brussels is implementing this through "soft and smart power", projecting security and creating prosperity. EU strives for the harmonization of states' legal systems with the EU's *acquis communautaire* and for creating suitable conditions for political integration through shared values<sup>8</sup>.

From its launch, the Kremlin was very skeptical toward the Eastern Partnership. However, instead of considering the Partnership or any other European initiative towards the former Soviet republics as a threat, Russia should see the EU's engagement in its eastern neighbourhood as an opportunity rather than a challenge. A hypothetical EU membership for Ukraine, for instance, would create a powerful impulse for the deepening of Russian-European cooperation. Then, in today's globalised world,

<sup>1</sup> Marius VAHL, "EU-Russia Relations in EU Neighbourhood Policies", in Katlijn MALFLIET, Lien VERPOEST, Evgeny VINOKUROV, *The CIS, the EU and Russia...cit.*, p. 135.

<sup>2</sup> About linkage and leverage see Steven LEVITSKY, Lucan A. WAY, "Linkage Versus Leverage. Rethinking the International Dimension of the Regime Change", *Comparative Politics*, vol. 38, no. 4, July 2006, pp. 379-400.

<sup>3</sup> Bertil NYGREN, *The Rebuilding of Greater...cit.*, p. 230.

<sup>4</sup> *Ibidem*, p. 249.

<sup>5</sup> Lien VERPOEST, "Parallels and Divergences in Integration in Ukraine and Belarus", in Katlijn MALFLIET, Lien VERPOEST, Evgeny VINOKUROV, *The CIS, the EU and Russia...cit.*, p. 164.

<sup>6</sup> Derek AVERE, "Competing Rationalities: Russia, the EU and the 'Shared Neighbourhood'", *Europe-Asia Studies*, vol. 61, no. 10, 2009, p. 1702.

<sup>7</sup> *Ibidem*, p. 1690.

<sup>8</sup> Sergey TUMANOV, Alexander GASPARISHVILI, Ekaterina ROMANOVA, "Russia-EU Relations, or How the Russians Really View the EU", *Journal of Communist Studies and Transition Politics*, vol. 27, no. 1, 2011, p. 130.

Europe can only be secure if everybody is secure<sup>1</sup>. The resulting strengthening of ties between Russia and the West would be a step forward for the whole of Europe, which is in the interest of Russian people<sup>2</sup>.

## *Conclusions*

The European Union is strongly interested in deepening and widening cooperation with Russia. However, the rule of law and the democratic rights cannot be set aside during the dialogue with Moscow. This is one of the main explanations why the new Partnership and Cooperation Agreement is still under question. Until the Kremlin is ready to become "more European" with regard to its internal and foreign policy and without implementing the four "common spaces", especially the common space of freedom, security and justice, Russia cannot be a reliable partner or become part of the community of European values and will only superficially participate in the European integration process<sup>3</sup>. Respect for human rights is at the very hart of the EU project and should be seen to be a core element of its foreign policy as well – without that the EU can have not soft power<sup>4</sup>. Or, the soft power is the essence of EU's foreign policy.

Russia should also stop perceiving EU policies toward former Soviet republics as a threat to its interests. As both Brussels and Moscow seek a stable neighbourhood, the European initiatives should not be perceived as challenges, but as opportunities for further cooperation. On the other side, with pressure on its southern and eastern flank, Russia will need a powerful international ally, and with reluctance to move closer to the USA, the EU might be the only choice. The EU-Russia partnership holds a lot of potential for a win-win situation. Both continue to need each other: Russia to avoid isolation and export its goods, the EU to secure its energy supplies and stability on its Eastern borders<sup>5</sup>.

Moscow and Brussels need each other economically, yet Russia's energy policy, authoritarianism, and involvement in the affairs of its neighbours have all limited its ability to seek fuller integration with the evolving institutional web of Europe<sup>6</sup>. If the EU wants to have Russia as a law-abiding, reliable, and eventually democratic neighbour it must build its partnership with Russia on the same foundations that made European integration a success – interdependence based on stable rules, transparency, symmetrical relations and consensus<sup>7</sup>. Moscow has to choose whether it wants an economic union with former Soviet republics, or a common economic space with Europe. And we can see that the Kremlin needs the EU more than the EU needs Russia. The world economic crisis hit hard Russia's economy, which is based on raw material exports, highlighting the need for advanced machinery and technology, available in the West, especially in the EU.

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<sup>1</sup> Richard G. WHITMAN, Stefan WOLFF, *The European Neighbourhood Policy in Perspective*, Palgrave Macmillan, 2010, p. 75.

<sup>2</sup> Andreas UMLAND, "EU and NATO Policies...cit".

<sup>3</sup> *Ibidem*.

<sup>4</sup> Richard G. WHITMAN, Stefan WOLFF, *The European Neighbourhood...cit.*, p. 87.

<sup>5</sup> Tom CASIER, "The Rise of Energy to... cit.", p. 86.

<sup>6</sup> Jeffrey MANKOFF, *Russian Foreign Policy...cit.*, p. 182.

<sup>7</sup> Marc LEONARD, Nicu POPESCU, "A Power Audit of...cit.", p. 6.

With respect to the EU, the member states should consolidate their solidarity. Becoming a single entity, at least in energy matters, will allow them to protect better their interests while negotiating with Russia. The Kremlin will never see the EU as real global protagonist if the EU members will not have a unified position towards Moscow. Taken individually, the EU members can hardly face Russia's pressure, the EU as a united actor, however is a force that put Russia in respect. The bilateral negotiations undermine the core of EU's common strategy and deprives the Union of his main force: the unity.